



California Department of Mental Health

**Independent Verification and Validation (IV&V) and
Independent Project Oversight Consulting (IPOC)**

**Request for Offer Re-Bid
RFO Number: 03-73298-000**

May 18, 2004

You are invited to review and respond to the Request for Offer (RFO), entitled Independent Verification and Validation and Independent Project Oversight Consulting for the Department of Mental Health Office of HIPAA Compliance. In submitting your offer, you must comply with the instructions described herein. The services required are delineated in the Scope of Work.

Please read the enclosed document carefully. **The RFO is due no later than 4:00 p.m., PST, Wednesday, June 2, 2004.** Please refer to Section 9.0 of the RFO for proposal submission instructions.

Any questions submitted regarding this RFO should be directed to Yolanda Trujillo:
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REQUIRED ATTACHMENTS

Attachment 1: Required Attachment Checklist

Attachment 2: Bidder Certification Sheet

Attachment 3: Technical Proposal

Attachment 4: References

Attachment 5: DVBE Response

Attachment 6: MH 1157, Small Business Identification Questionnaire

Attachment 7: Cost Proposal (to be submitted in separate envelope)

INFORMATIONAL ATTACHMENTS

Attachment A: Assessment Checklist

Attachment B: IPOC Monthly Report Format

1.0 PURPOSE

The purpose of this Request for Offer (RFO) is to obtain offers for consultant services to provide the Department of Mental Health (DMH) Office of HIPAA Compliance (OHC) with Independent Verification and Validation (IV&V) and Independent Project Oversight Consulting (IPOC) including risk management for the Health Insurance Portability and Accountability Act (HIPAA) implementation project. DMH intends to use the California Health Insurance Portability and Accountability Act Master Service Agreement (HIPAA MSA) process to obtain the needed services. The MSA agreement will incorporate deliverables as described in the RFO herein and agreed to by the Contractor and DMH.

Independent Project Oversight Consultants are engaged to perform an independent, unbiased assessment of a project's true status, performance trends and forecast for completion. These activities increase the project's probability for success by forewarning DMH of real or potential adverse situations, ensuring that information technology (IT) projects are properly structured, and all necessary project plans, resources, personnel and other critical components have been identified, created, addressed and/or obtained prior to implementation.

IPOC activities must be structured to determine whether formal project management processes are in place and are being followed, whether project objectives are being achieved as defined in the project plan within acceptable levels of risk, and whether regular project reviews are being held and documented. Please see http://www.dof.ca.gov/HTML/IT/Oversight/IT_Project.htm for a detailed description of IPOC activities required by the Department of Finance (DOF). This project is considered to have a critical rating of "high" for the purposes of the IPOC framework and reporting requirements.

2.0 RFO KEY DATES

The following represents tentative key dates of RFO activities. DMH reserves the right to modify these dates at any time with appropriate notice to prospective Contractors. DMH also reserves the right to revise or cancel this RFO at any time with appropriate notice to prospective Contractors.

Release of RFO	May 18, 2004
Deadline for Submitting Material Questions About the RFO	May 26, 2004, no later than 4:00 p.m.
Responses to Contractors' Questions	May 27, 2004
RFO Response Submission Due Date and Time Offers will not be accepted after the deadline.	June 2, 2004, no later than 4:00 p.m.
Proposed Agreement Award Date	Contingent upon receiving all approvals.

3.0 BACKGROUND

The mission of the California Department of Mental Health (DMH) is to enable persons experiencing severe and disabling mental illnesses and children with serious emotional disturbances to access needed services and programs. These programs assist their clients to better control their illnesses, to achieve their personal goals, and to develop

support skills, which will help them live more constructive and satisfying lives. Approximately 500,000 persons are served each year at a total cost of about \$2.2 billion.

DMH works closely with the mental health constituency to develop a system of partnerships and coordinate interagency systems of care. This has provided the framework for success in developing department programs and coordinating services in the treatment of children, adults, and older adults who are seriously mentally ill. Supporting these efforts, DMH has four divisions: Program Compliance (PC), Systems of Care (SOC), Administrative Services (AS) and Long Term Care Services (LTCS). LTCS includes the five State Hospitals and two Psychiatric Program sites.

4.0 DESCRIPTION OF PROJECT TO BE OVERSEEN

DMH has embarked on a significant IT and business process improvement project to comply with the requirements of HIPAA. DMH requires the services of an independent and objective consultant to perform IV&V and IPOC of the HIPAA compliance project management, processes and deliverables. The Contractor's designated Project Manager will monitor Contractor activities and deliverables to ensure they meet DMH's requirements for the HIPAA compliance project. This RFO lists the proposed tasks and deliverables for IV&V and IPOC services that will be undertaken by the Contractor to meet these oversight requirements.

The primary work location for this project will be in the DMH offices in Sacramento. The Contractor is expected to work on-site at the DMH office. Additionally, the Contractor is expected to travel in and around the greater Sacramento area for meetings, and may be required to visit the state hospitals.

5.0 SCOPE OF WORK (SOW)

5.1 Scope of Work: Independent Verification and Validation (IV&V) Services

To ensure success, it is essential that IV&V be applied to this project in a manner consistent with the applicable industry standards. Verification is an iterative process aimed at determining whether the product of each step in the system development life cycle (a) fulfills all the requirements levied on it by the previous step, and (b) is internally complete, consistent, and correct enough to support the next phase of the project. Validation is the process of executing software and exercising the hardware, and comparing the test results against the required performance.

All tasks and activities will be performed in accordance with the applicable Institute of Electrical and Electronics Engineers (IEEE) standard(s) (or equivalent standard that is substantially similar). At a minimum, IEEE standards 1012-1998 (Software Verification and Validation) and 12207-1995 (Software Life Cycle Processes) should be applied.

5.1.1 Tasks and Responsibilities

This scope of work is comprised of the following tasks:

- Task Management

- Reporting to Project Stakeholders
- Development Oversight
- Deliverables and Work Products

5.1.2 Task 1: Task Management

- Generate, deliver and update, when required, an IV&V Plan (IVVP) using IEEE Standard 1012-1998 as a guide. The IVVP should describe the tasks and approaches to IV&V in support of the project, including methodologies and processes.
- Generate and maintain a detailed work plan for accomplishing the IV&V tasks. A description of activities following the current work plan should be delivered with the monthly status report.
- Deliver status reports to the project management team at weekly status meetings.
- Generate and deliver monthly status reports. The reports will describe activities performed for all tasks.
- Participate in project status meetings to provide findings and recommendations.

5.1.3 Task 2: Reporting to Stakeholders

- Provide monthly status reports to DMH management in accordance with their reporting requirements.
- Provide oral status briefings and reports to the department HIPAA Steering Committee (HSC) on a periodic basis and to DMH management as needed.

5.1.4 Task 3: Development Oversight

- Review procurement documents including solicitation documents and evaluation plans / criteria prior to release for bid and provide recommendations in a written report.
- Develop a performance-tracking matrix for the tracking of project completion compared against milestones set by the Enterprise Project Plan and the State.
- Review and analyze project system development documents (such as architecture, requirements and design documents) and Contractor deliverables for accuracy, completeness, and content. Development documents should conform to industry standards, such as the IEEE (or substantially similar standard). Provide findings in a written report, consistent with State review periods.
- Review system hardware and software configuration and report on any compatibility and obsolescence issues.
- Perform a detailed review of the software architecture for feasibility, consistency, maintainability, and adherence to industry standards. Provide findings in a written report.
- Analyze system application, network, hardware and software operating platform performance characteristics relative to expected and/or contractually

- guaranteed results and industry standards and expectations. Review and analyze system capacity issues. Provide findings in a written report.
- Monitor the requirements traceability effort and conformity to IEEE (or substantially similar) standards. Assess traceability of the system requirements according to design, code, test and training documentation to ensure tracing is logical and complete. Provide assessments in a written report.
 - Provide assessments, in a written report, of design and implementation issues that arise.
 - Inventory and review the system application software for completeness, maintainability, and adherence to programming standards for the project. Provide findings in a written report.
 - Participate in periodic Contractor reviews to ensure appropriate products and activities have been completed. Provide an evaluation of readiness to enter the next phase of the system life cycle. Summarize findings in a post-review report.
 - Review system and acceptance test plans, procedures and execution for compliance with IEEE (or substantially similar) standards. Monitor test execution and/or participate in test reviews. If requested, validate test results. Provide findings in a written report for each test phase.
 - Monitor developer training; review user and maintenance and operations documentation to ensure sufficient knowledge transfer for maintenance and operation of the new system.

5.1.5 Deliverables and Work Product

The table below outlines the deliverables to be produced by the Contractor during this engagement.

Deliverable	Completion Date	Acceptance Criteria
Weekly Status Reports	Weekly	Delivery and Approval
Monthly Status Reports	5 working days after end of previous month	Delivery and Approval
IV&V Plan	30 – 60 days after contract start	Compliance with standard
Update IV&V Plan	Monthly	Compliance with standard
Deliverable Assessments	Per schedule (developed in conjunction with the Contractor)	Compliance with standard
Phase Summary Reports	Per schedule	Compliance with standard

5.2 Scope of Work: Independent Project Oversight Consulting (IPOC) Services

DMH intends to engage the services of an IPOC Contractor to perform an independent assessment of the project management, ensuring adherence with sound project management practices.

The Contractor will provide DMH executive management and the HSC with independent oversight of the HIPAA project. The Contractor must participate in sufficient project activities to ensure effective evaluation of the project's viability. The Contractor must explicitly report on the status and viability of project management processes in periodic reports. The Contractor will report directly to DMH's HIPAA Compliance Project managers and to the HSC, and will provide concurrent oversight planning and monthly status reports to DMH throughout all phases of the project.

The Contractor must update the project management plan to ensure that essential project management processes, including risk management, schedule and cost management, change management and issue resolution, are consistent with project plans and are effective throughout the project life cycle. The Contractor must use an approved project management methodology such as the Project Management Institute's (PMI) Project Management Body of Knowledge [PMBOK®] when performing all required tasks.

5.2.1 Tasks and Responsibilities

The Contractor shall make available to the State technically competent personnel to accomplish the tasks described below. The Contractor's responsibilities include, but are not limited to, performing the following tasks.

5.2.2 Task 1: Project Management

Develop a detailed work plan and schedule for accomplishing each contract task uniquely identifying milestones and deliverables.

Ensure proper resources have been identified to perform the work and determine feasibility of the schedule.

Ensure processes and procedures include appropriate project management and quality assurance measures.

5.2.3 Task 2: Assessments

The Contractor will provide independent oversight of the HIPAA Projects in compliance with a "high" critical project as defined in the DOF Independent Project Oversight Framework.

The Contractor must participate in sufficient project activities, and must review and comment on essential project documents to ensure an effective evaluation of the project's viability and that essential project management processes (including risk management, schedule and cost management, change management and issue

resolution) are consistent with project plans and are effective throughout the project life cycle.

The Contractor will conduct assessments throughout the life of the project. The assessments must be conducted using all of the DOF tools.

The Contractor will report to the DMH Project Manager, and/or the Executive Sponsor, and may be required to meet with the DOF as requested.

Either DMH or the Contractor may propose changes to the Task and Responsibilities or Deliverables before finalization of this Agreement.

The Contractor will have to travel to the state hospitals, for some of the assessments. Plan for four trips (2–Southern California and 2-Northern California). Any travel required to sites outside of Sacramento in the performance of project job duties will not be paid separately by DMH and must be factored into the total offer in conformance to the Contractor's CMAS contract.

5.2.4 Task 3: Reporting

The Contractor shall compile and report its results in writing, using the template provided by DOF, Technology Oversight and Security Unit (DOF/TOSU) (www.dof.ca.gov/html/it/oversight/it%5Fproject.htm). The Contractor must submit reports directly to DOF/TOSU, and concurrently send copies to DMH IPOC Project Manager, DMH HIPAA Project Manager, and California Office of HIPAA Implementation (CalOHI).

The Contractor shall report on any material findings, conclusions and recommendations made as a result of the assessment within 10 days of the assessment.

All oversight reports must include follow-up information on the project's corrective action and implementation of oversight recommendations.

5.2.5 Task 4: Meetings

Status Meetings:

Contractor's designated Project Manager must attend weekly status meetings with the DMH Project Manager to discuss work in progress and priorities.

Project Design, Development and Implementation Meetings:

The Contractor will provide oversight during project design, development and implementation/rollout to ensure completeness and accuracy of all appropriate project plans, issue identification and risk assessment.

5.2.6 Task 5: Tracking

Start tracking all information immediately following project approval and continue through project closeout.

Items to be tracked include:

- Deficiencies
- Issues/Risks and any mitigation activities
- Findings

Recommendations identified by the oversight process must be incorporated into the appropriate project management processes. The assessment process must also track the disposition of the team's prior findings, recommendations and identified deficiencies.

5.3 Deliverables and Milestones

Task	Task Description	Deliverables and Milestones
1	Develop a project management plan and schedule within thirty days of contract execution	<ul style="list-style-type: none"> • A detailed work plan for accomplishing each contract task uniquely identifying each milestone & deliverables. • Documentation of planned monthly expenditures for this RFO. • An initial project schedule to identify timeframes for submission of all deliverables required in this section. • Update project management plan and schedule when there is a change in the schedule.
2	Assessments	<ul style="list-style-type: none"> • Assessments will identify items for completeness, comprehensiveness, accuracy and any other attributes pertaining to their quality and appropriateness for their intended function. • Any deficiencies must be documented separately as a finding within the Contractor's written report. The documentation of additional information beyond that may be added as a supplemental document to the standard reporting format. • Follow-up reporting will be required on the project's corrective action and implementation of oversight recommendations. • All forms used must be the DOF/TOSU at: www.dof.ca.gov/html/it/oversight/it%5Fproject.htm these reports are due to DMH before any exit conference for review.
3	Reporting	<ul style="list-style-type: none"> • The Contractor will provide all reports to DMH management on a regularly basis. The frequency will be determined based on the project criticality. • Report findings may include identification of risk issues, lessons learned, best practices or performance exceeding minimum requirements.
4	Meetings	<ul style="list-style-type: none"> • Status Meetings • Project Design, Development and Implementation

		meetings
5	Tracking	<ul style="list-style-type: none"> • All deficiencies/issues should be reported immediately to the Contractor's Project Manager who will then inform the DMH Project Manager. • Any recommendations identified by the Oversight Contractor should be shared with the DMH Project Manager.

6.0 PROJECT STRUCTURE

6.1 Project Duration

Proposers may assume that this engagement will span over a two-year period, with the option to renew/amend the agreement through the end of the HIPAA Compliance Project.

6.2 Issue Escalation and Point of Contact

The DMH Project Manager is the point of contact for issues regarding this project.

Name	Phone	Email	Title:
William Avritt	654-2378	wavritt@dmhhq.state.ca.us	Executive Sponsor
To Be Determined			IPOC Project Manager

6.3 Issue Resolution

When a problem or issue arises, the Contractor will immediately report it to DMH's IPOC Project Manager or HIPAA Project Manager, depending on the nature of the issue. Escalation of unresolved issues is the responsibility of the Contractor.

6.4 Controls

In completing the tasks within this scope of work, the Contractor will comply with the following standards:

- Contractor shall follow project management industry standards (i.e. PMBOK®).
- State of California and industry standard "best practices"
 - State of California and Federal regulations, laws, policies, standards and guidelines
 - Other methodologies and standards as required.

6.5 Change Control

If unanticipated changes of the Contractor's approved project management plan and schedule are required during the course of the project, the Contractor shall document the changes in a Change Control Document. The Contractor shall request approval of each change in writing from the DMH Project Manager. At the time the Contractor or DMH identifies an unavoidable change that will require modification of the baseline project plan or other issues materially affecting the project plan, all work shall stop on the impacted objective until the changes are approved.

6.6 Knowledge and Abilities

The Contractor shall provide qualified personnel to perform the work necessary to accomplish the tasks defined above. DMH must approve all Contractor resources. DMH reserves the right to require the removal of any member of the Contractor's staff.

6.7 Experience of Contractors

DMH expects Contractor staff to perform work related to this engagement mostly on-site at DMH. The Contractor should provide a listing of requirements for DMH supplied space and equipment. DMH will provide networked desktop computers for the Contractor staff to use for this engagement. These computers will have the Microsoft XP, Microsoft Project 2000 and Novell GroupWise e-mail software running on a Novell GroupWise network.

The Contractor's Project Manager must have experience as a participant in and reviewer of similar projects. The contractor's team must possess subject matter expertise in project management, procurement, risk management, communications and system engineering. The Contractor must use an approved project management methodology (such as the Project Management Institute's Project Management Body of Knowledge) when performing all required tasks. This experience shall have been gained on multiple, similar projects. Reference material: Department of Finance – Information Technology Project Oversight Framework Manual.

6.8 Project Updates, Status Reports, and Meetings

The Contractor will attend and report status at a weekly project status meeting with the Executive Sponsor and DMH Project Manager. The Contractor will also submit monthly written status reports to the DMH Project Manager. Additionally, the Contractor will update the project work schedule when the schedule has changed by more than 10 percent. All formal project oversight reports should be submitted concurrently to DMH, the DOF/TOSU and state covered entity departments.

6.9 Key Contractor Personnel

The Contractor shall identify the lead and supporting personnel who will be responsible for the completion of all tasks during the engagement including a statement defining each individual's qualifications and a corresponding resume. The Contractor will also identify a Project Manager in their organization that will provide oversight and guidance for the Contractor staff assigned to this project. The Contractor's Project Manager will be DMH's point of contact regarding any issues that arise concerning the engagement. The Project Manager will also review all deliverables for quality before they are submitted to DMH.

Personnel commitments made in the Contractor's offer shall not be changed without prior written approval of DMH unless caused by the resignation or death of the named individual. Staffing shall include these named individuals at the levels of effort proposed. DMH shall approve in advance and in writing any permanent or temporary changes to the Contractor's key personnel (project team). In addition to these key staff, the Contractor shall supply suitably knowledgeable staff necessary to complete the required

deliverables within the Contractor's proposed timeframes. DMH reserves the right to require the removal of any member of the Contractor's staff from the project.

6.10 Responsibilities of Key Contractor Personnel

Project Team	<ul style="list-style-type: none"> • Perform tasks; develop deliverables
Project Manager	<ul style="list-style-type: none"> • Contract Administrator • Project Management • Scheduling and provision of resources • Formal communication and correspondence with the State • Attendance at DMH staff meetings • Attendance at all weekly project and status update meetings • Quality assurance reviews of all project deliverables • Primary contact with DMH for issues • Primary contact working with other Contractors

6.11 Personnel and Rates

The offer must include a listing of the personnel who will perform each task described in this RFO and their salary rate. The state will be notified in writing of any changes in the personnel assigned to this task. For those individuals indicated as "key personnel" the procedures specified in Section 6.9 shall be followed when personnel changes occur.

DMH reserves the right to redirect the resources within the contract by modifying the total number of hours per task in accordance with the Change Control Process.

6.12 Project Budget

DMH reserves the right to change the total number of hours per tasks on an as-needed basis in accordance with the change management control process, provided that the total cost of this contract shall not exceed \$300,000 per fiscal year.

6.13 Invoices and Payment

The Contractor agrees to submit monthly invoices identifying hours charged by each consultant and the hours per task for each consultant staff person. DMH will pay the invoice only upon acceptance and approval of any related deliverables and upon satisfactory progress in the agreed upon work plan and schedule meeting all the requirements of this contract.

7.0 RFO PROPOSAL RESPONSE REQUIREMENTS

Proposals responding to this RFO must contain all data/information requested and must conform to the format described in this section. **Failure to submit any of the content specified in this Section will be considered a material deviation to the instructions, resulting in immediate disqualification.** The following documents must be submitted in the RFO proposal:

7.1 Required Attachment Checklist (Attachment 1)

7.2 Bidder Certification Sheet completed by Contractor (Attachment 2).

7.3 Technical Proposal Content Requirements

A. Technical Proposal - Executive Summary

This section must not exceed three (3) pages in length. Evaluators may not review or evaluate excess pages.

In preparing your Executive Summary, do not simply restate or paraphrase information in this RFO. Describe or demonstrate, in your own words, the following information:

- Your understanding of DMH's needs and the importance of this project.
- How you will effectively integrate this project into your firm's current obligations and existing workload.
- Your firm's sincere commitment to perform the SOW in an efficient and timely manner.

B. Technical Proposal - Agency Capability Section

Include a brief history of your firm, including:

- Date of establishment. If applicable, explain any changes in your business history or organizational structure that will assist DMH in determining your qualifications.
- A description of your firm's goals that are relevant, closely related, or will complement this project.
- Describe the experience your firm possesses that qualifies it to undertake this project. Focus on experience that occurred within the past five years and involved state government projects.

C. Technical Proposal - Work Plan

- Describe the methodology to be used to accomplish the work, including a description of how you propose to perform the work and produce the deliverables. Explain/describe how you intend to measure or prove successful completion of each major task, function or activity.
- Develop a preliminary project schedule showing resources, efforts, durations, tasks, and milestones (major deliverables and approvals) related to the RFO scope of work, tasks and deliverables.
- Develop a preliminary risk management plan.

- Indicate who will have primary responsibility for performing each major task/activity or function (i.e., classification/position title of personnel, and subject matter experts.
- If applicable, explain what is unique, creative, or innovative about your proposed approaches and/or methods.
- If you envision any major complications or delays at any stage of performance, describe those complications or delays and include a proposed strategy for overcoming those issues. Likewise, indicate if you do not anticipate any major complications or delays.
- If, for any reason, your Work Plan does not wholly address each requirement addressed in the RFO scope of work, fully explain each omission.

D. Technical Proposal – Project Personnel

Include the following information:

- Position/classification titles for all proposed project personnel including Contractor employees (persons on your payroll), and subject matter experts (including independent consultants).
- Number of proposed personnel in each position/classification.
- Projected number of labor hours for each position/classification.
- Labor or salary rates for each position title or classification including rates for subject matter experts (including independent consultants).
- Brief job descriptions or duty statements for each position title or classification assigned to perform work under this project. The job descriptions or duty statements should identify typical or key tasks and responsibilities that will be assigned to each position/classification.
- A discussion of how the number of projected personnel, projected labor hours, and proposed duties and responsibilities are sufficient to accomplish all SOW requirements in a successful and timely manner.
- Identify by name all key personnel that will have primary responsibility for managing, directing, overseeing and/or coordinating the work of assigned staff, subject matter experts and/or independent consultants (i.e., Project Manager, Business Analyst Lead, Senior Technical Lead, Administrator, Senior Administrative Analyst, etc.).

- Provide a resume for each proposed staff person, detailing his/her experience. The resume should include dates (months and years) for jobs worked and experience that the Contractor would like used in the evaluation process. Undated experience will not be evaluated.
- Briefly, describe the processes or procedures that you will use to ensure that all personnel vacancies, if any, are filled expeditiously and that services are continued despite the presence of vacancies.

7.4 References

Provide up to three (3) customer references from previous projects that are similar in nature to the work outlined in this RFO, that have been completed within the last four years. Include the reference name, contact person, phone number, dates worked, and a brief description of the services provided.

7.5 Administrative Requirements

The Contractor must provide a response to the following administrative requirements:

A. Disabled Veteran Business Enterprise Participation Program Requirements

Pursuant to Public Contract Code § 10115 *et seq.*, the Disabled Veteran Business Enterprise Participation program (DVBE) requires that all State contracts have a participation goal of three percent (3%) of the total contract amount to DVBEs for services, equipment and/or supplies. DVBEs must be certified with the Office of Small Business Certification and Resources to claim DVBE eligibility. The Contractor shall submit a copy of the DVBE documentation provided to DGS for the HIPAA MSA. No substitution for previously certified DVBE SubContractors may be made without advance written permission from the State.

B. Small Business Preference Program Requirements

All contractors must submit form MH1157, "Small Business Identification Questionnaire" (Attachment 6).

Pursuant to the State Contracting Manual § 8.21, the Small Business Preference Program requires that DMH apply preference adjustments to eligible bidders according to State regulations following verification of eligibility with the appropriate DGS office. Responsive and responsible California bidders claiming preference and verified as a certified small business (including micro business) in a relevant business type will be granted a preference of up to five percent (5%) of the lowest responsive bid, if the lowest bid is submitted by a Bidder that is not certified as a small business (including micro business) in a relevant business type. The 'service' category or business type will most likely apply to this procurement. In granting this preference, DMH cannot reduce any dollar bid by

more than \$50,000. The cost adjustment is for computation purposes only and does not alter the actual cost offered by the Bidder.

8.0 COST PROPOSAL REQUIREMENTS

THE COST PROPOSAL MUST BE SUBMITTED IN A SEPARATE, SEALED ENVELOPE APART FROM THE “RFO PROPOSAL RESPONSE REQUIREMENTS” ADDRESSED IN SECTION 7.0 OF THIS RFO.

Submit one Cost Proposal that includes the information outlined below. Contractors may use the cost worksheet available within the following link as a guide to preparing their cost proposals:

<http://www.documents.dgs.ca.gov/pd/masters/hipaa/RequestforOffer.pdf>.

- **Category / Subcategory Identification**
 - Identify the applicable category of costs by category name and number
 - If applicable, identify the subcategory of costs by subcategory name and number
- **Staff Classification, Number of Persons, Names of Individuals.** Identify the projected labor expenses for this project and supply the following information:
 - Staff Classification (as designated in the DGS Master Agreement)
 - Number of persons in each classification
 - Names of proposed staff personnel
- **Major Tasks**
 - Briefly list the major tasks and/or areas of responsibility for each listed classification and staff person.
- **Number of Hours**
 - Project the number of hours required to complete the performance of each task.
- **Hourly Rate**
 - List the hourly wage rate for each classification by category/subcategory. Use a separate Cost Proposal sheet for each budget period of the contract if the labor rates differ between budget periods.
- **Labor Costs**
 - Calculate the total labor cost by multiplying the hourly wage rate by the number of projected hours. Tally all labor costs.

Cost Proposal Note: Travel between DMH and other sites may be required. The Contractor must factor all travel expenses into the cost estimates. Travel expenses

including mileage and parking will not be reimbursed separately. DMH expects minimal travel outside the Sacramento vicinity related to this engagement.

9.0 RFO PROPOSAL SUBMISSION INSTRUCTIONS

- A. Assemble one (1) original hard copy and four (4) copies of your **technical proposal** (all items referenced in Section 7.0). Place the proposal set marked "Original" on top, followed by the four (4) extra copies. Place all technical proposal copies in a single envelope or package, if possible.
- B. Assemble one (1) original hard copy of your **cost proposal** (Section 8.0) and place in a **sealed, separate envelope** apart from the technical proposal. Place the sealed cost proposal envelope inside or on top of the package containing all copies of the technical proposal. Seal any remaining envelopes or packages.
- C. If you submit more than one envelope or package, carefully label each one as instructed below and mark on the outside of each envelope or package "1 of X", "2 of X", etc.
- D. Mail or arrange for hand delivery of your proposal to DMH. Proposals may not be transmitted electronically by fax or e-mail.
- E. Proposers are required to submit a soft copy via e-mail of their **technical proposal only no later than 4:00 p.m. PST on June 2, 2004**, to the California Office of HIPAA Implementation at the following e-mail address: dspiker@ohi.ca.gov. Late proposals will not be reviewed or scored.
- F. DMH must receive hardcopies of your proposal, regardless of postmark or method of delivery, **no later than 4:00 p.m., PST on June 2, 2004**. Late proposals will not be reviewed or scored.
- G. Proposers must label and submit your proposal hardcopies to the following:

US Mail, Hand Delivery or Overnight Express:

Proposal RFO #03-73298-000
Department of Mental Health
Contracts Office
1600 Ninth Street, Room 150
Sacramento, CA 95814
Attention: Christina Bednarczyk

Proposer Warning: DMH's internal processing of U.S. mail may add 24 hours or more to the delivery time. If you mail your proposal, consider using certified or registered mail and request a receipt upon delivery.

10.0 PROPOSER QUESTIONS

To ensure that all proposers have equal access to offer requirements, questions will be accepted until May 26, 2004, no later than 4:00 p.m. via email (only) to the following address: ytrujill@dmhhq.state.ca.us. **Phone inquiries will not be entertained.**

11.0 RFO EVALUATION PROCESS

11.1 Presentations/Interviews

DMH may require interviews and/or reference checks of Contractor staff that will be proposed for the engagement. Contract staff must be available for interview within three (3) working days after notification that an interview is required. The requested reference information must be current, accurate, and include beginning and ending dates of the engagement.

11.2 Evaluation and Selection Process

A multiple stage evaluation process will be used review and/or score technical proposals. DMH will reject any proposal that is found to be nonresponsive at any stage of evaluation. Each offer will be evaluated to determine its responsiveness to the RFO and the “best value” criteria

11.2.1 Stage 1 – Required Attachment / Certification Checklist Review

- Shortly after the proposal submission deadline, DMH staff will convene to review each proposal for timeliness, completeness and initial responsiveness to the RFO requirements. This is a pass/fail evaluation.
- In this review stage, DMH will compare the contents of each proposal to the claims made by the Proposer on the Required Attachment / Certification Checklist to determine if the Proposer’s claims are accurate.
- If a Proposer’s claims on the Required Attachment / Certification Checklist cannot be proven or substantiated, the proposal will be deemed nonresponsive and rejected from further consideration.

11.2.2 Stage 2a – Technical Proposal Evaluation/Scoring

- Proposals that appear to meet the basic format requirements, initial requirements and contain the required documentation, as evidenced by passing the Stage 1 review, will be submitted to a rating committee.
- The raters will individually and/or as a team review, evaluate and numerically score technical proposals based on the proposal’s adequacy, thoroughness, and the degree to which it complies with the RFO requirements.
- DMH will use the following scoring system to assign points. Following this chart is a list of the considerations that raters may take into account when assigning individual points to a technical proposal.

Points	Interpretation	General basis for point assignment
0	Inadequate	Proposal response (i.e., content and/or explanation offered) is inadequate or does not meet DMH's needs/requirements or expectations. The omission(s), flaw(s), or defect(s) are significant and unacceptable.
1	Barely Adequate	Proposal response (i.e., content and/or explanation offered) is barely adequate or barely meets DMH's needs/requirements or expectations. The omission(s), flaw(s), or defect(s), are inconsequential and acceptable.
2	Fully Adequate	Proposal response (i.e., content and/or explanation offered) is fully adequate or fully meets DMH's needs/requirements or expectations. The omission(s), flaw(s), or defect(s), if any, are inconsequential and acceptable.
3	Excellent or Outstanding	Proposal response (i.e., content and/or explanation offered) is above average or exceeds DMH's needs/requirements or expectations. Minimal weaknesses are acceptable. Proposer offers one or more enhancing feature, method or approach that will enable performance to exceed our basic expectations.

- In assigning points for individual rating factors, raters may consider issues including, but not limited to, the extent to which a proposal response:
 - Is lacking information, lacking depth or breadth or lacking significant facts and/or details;
 - Is fully developed, comprehensive and has few if any weaknesses, defects or deficiencies;
 - Demonstrates that the Proposer understands DMH's needs, the services sought, and/or the contractor's responsibilities;
 - Illustrates the Proposer's capability to perform all services and meet all SOW requirements;
 - If implemented, will contribute to the achievement of DMH's goals and objectives;
 - Demonstrates the Proposer's capacity, capability and/or commitment to exceed regular service needs (i.e., enhanced features, approaches, or methods; creative or innovative business solutions).

- Below are the point values and weight values for each rating category that will be scored. Technical proposals will be scored on a scale of 0 to 102 points, as follows:

<u>Rating Category</u>	<u>Points</u>	<u>X</u>	<u>Weight</u>	<u>=</u>	<u>Total</u>	<u>Minimum Score</u>
Executive Summary	12	X	0.5	=	6.0	4.5
Agency Capability	18	X	1.5	=	27.0	18.0
Work Plan	24	X	2.5	=	60.0	45.0
Project Personnel	6	X	1.5	=	9.0	6.0
Grand Total					102	73.5

Proposer's must receive a minimum score of 73.5 to move on to the next stage of the evaluation process. If a Proposer's technical proposal does not meet the minimum score requirements, the entire proposal will be rejected from further consideration.

11.2.3 Stage 2b – Scoring the Cost Proposal

- Responsive Proposers will have their Cost Proposal scored according to the process described herein.
- The Proposer offering the lowest total cost earns 102 Cost points. The remaining cost proposals earn cost points through the cost conversion formula shown below. Final calculations shall result in numbers rounded to two decimal places.

$$\frac{\text{Lowest Cost}}{\text{Another Cost}} \times 102 \text{ (Possible cost points)} = \text{Cost score of the Other Proposal}$$

Example for illustration Purposes:

Lowest cost earns 102 points.

$$\begin{aligned} \$100,000 \text{ (lowest cost)} \div \$127,000 \text{ (another proposer's cost)} &= .7874 \\ .7874 \times 102 \text{ points} &= 80.32 \text{ (Cost Proposal Score of another proposer)} \end{aligned}$$

11.2.4 Stage 3 – Combining Technical Proposal Score and Cost Proposal Score

- DMH will combine the technical proposal score to the final Cost section score and will tentatively identify the firm with the highest combined proposal score from each of the earlier evaluation stage(s).

11.2.5 Stage 4 – Adjustments to Score Calculations for Bidding Preferences

- DMH will determine and confirm which firms, if any, are eligible to receive a bidding preference (i.e., small business or DVBE).
- To confirm the identity of the highest scored responsible Proposer, DMH will adjust the Cost Proposal total for applicable claimed preference(s) and will readjust the Cost score of those Proposers eligible for bidding preferences. DMH will apply preference adjustments to eligible Proposers according to State regulations following verification of eligibility with the appropriate office of the Department of General Services.

11.2.6 Stage 5 – Final Score Calculation

DMH will use the formula shown below to calculate final proposal scores and to determine the highest scored proposal.

a.	Technical Proposal Score including oral interview (if held)	X	70%	= Technical Score
b.	Cost Proposal Score	X	30%	= Cost Score
c.	Technical Score			
	+		Cost Score	
	=		<u>Total Point Score</u>	

11.2.7 Technical Proposal Rating Factors

Raters will use the following criteria to score the technical portion of each proposal.

Executive Summary

Executive Summary Rating Factors [Not to exceed 3 pages]	Points Possible	Points Earned
To what extent did the Proposer express, in its own words, its understanding of DMH's needs and the importance of this project? Assign 1 point or 0 points if the Proposer restates or paraphrases information in the RFO.	3	

Executive Summary Rating Factors [Not to exceed 3 pages]	Points Possible	Points Earned
To what extent did the Proposer demonstrate that it can effectively integrate this project into its current obligations and existing workload?	3	
To what extent did the Proposer demonstrate a sincere commitment to perform the SOW in an efficient and timely manner?	3	
To what extent did the proposer adequately explain why it should be chosen to undertake this project at this time?	3	
Executive Summary Score _____ Points earned X 0.5 = _____		

Agency Capability

Agency Capability Rating Factors	Points Possible	Points Earned
Upon reviewing the Proposer's description of its business history, to what extent are the Proposing firm's goals relevant, closely related, or will their goals complement this project?	3	
From the experience described in its proposal, to what extent does the Proposer possess sufficient experience of the type that qualifies it to undertake this project?	3	
Based on a review of the Proposer's information about its prior experience, to what extent did the Proposer demonstrate that it has performed services that were similar in nature or closely related to the SOW in this RFO?	3	
To what extent did the Proposer demonstrate that it has had experience establishing and maintaining effective working relationships with government entities?	3	
To what extent did the Proposer's prior clients, as a whole, confirm their satisfaction with the Proposer's past work and did those clients indicate that they would use the Proposer's services again? <i>Based on references provided by Proposer.</i>	3	
To what extent did the Proposer's prior clients confirm the Proposer's ability to deliver timely and effective services and deliverables? <i>Based on references provided by Proposer.</i>	3	
Agency Capability Score _____ Points earned X 1.5 = _____		

Work Plan

Work Plan Rating Factors	Points Possible	Points Earned
To what extent are the Proposer's overall approaches and/or methods comprehensive and/or technically sound?	3	
To what extent are the proposed procedures, methods and approaches appropriate and reasonable (i.e., if implemented are they likely to produce the desired results)?	3	
To what extent does the Proposer describe in detail the specific actions (i.e., tasks/activities and functions) that the Proposer will perform to fulfill all SOW requirements?	3	
To what extent will the Proposer perform the tasks/activities and functions in a logical order?	3	
To what extent did the Proposer identify which staff or positions will assume responsibility for the major tasks/activities and functions?	3	
To what extent are the proposed performance time lines realistic and achievable?	3	
To what extent did the Proposer adequately demonstrate how it will measure and/or prove the completion of major (i.e., identification of key events/outcomes and deliverables)?	3	
To what extent are any additional proposed State or Proposer responsibilities not listed in DMH' SOW reasonable, justified and appropriate? Assign a point value to the information supplied or assign 3 points if the Proposer indicates there were no omissions in the RFO SOW for either the Contractor or the State.	3	
Work Plan Score _____ Points earned X 2.5 = _____		

Project Personnel

Project Personnel Rating Factors	Points Possible	Points Earned
Upon reviewing the resumes of the key personnel (i.e., professional, managerial, supervisory, subject matter experts (including independent consultants) that will exercise a major administrative, policy, or consulting role, to what extent do the proposed personnel possess the qualifications, past experience, and expertise needed to perform the assigned duties and responsibilities?	3	

Project Personnel Rating Factors	Points Possible	Points Earned
Upon reviewing the Proposer's policies and procedures, to what extent will the Proposer be able to expeditiously recruit qualified staff to fill vacancies (if any) and to ensure that services are continued despite the presence of vacancies?	3	
Project Personnel Score _____ Points earned X 1.5 = _____		

12.0 TERMS AND CONDITIONS

12.1 Conflict of Interest Exclusion

The following are conflict of interest provisions specified by the Department of General Services. **Failure or inability to meet the conflict of interest provisions stated will result in the immediate disqualification of the offer.**

The Department of General Services (DGS) Procurement Division's General Provision-Information Technology Section 43 has defined conflict of interest for this contract, which is incorporated herein. The language states the following:

"If the Contractor or its affiliates provide Technical Consulting and Direction (as defined below), the Contractor and its affiliates:

- Will not be awarded a subsequent Contract to supply the service or system, or any significant component thereof, that is used for or in connection with any subject of such Technical Consulting and Direction; and
- Will not act as consultant to any person or entity that does receive a Contract described above. This prohibition will continue for one (1) year after termination of this Contract or completion of the Technical Consulting and Direction, whichever comes later.

"Technical Consulting and Direction" means services for which the Contractor receives compensation from the State and includes:

- Development of or assistance in the development of work statements, specifications, solicitations or feasibility studies.
- Development or design of test requirements.
- Evaluation of test data.
- Direction or evaluation of another Contractor.
- Provision of formal recommendations regarding the acquisition of Information Technology products or services.
- Provisions of formal recommendations regarding any of the above.
- "Affiliates" are employees, directors, partners, joint venture participants, parent corporations, subsidiaries, or any other entity controlled by, controlling or under common control with the Contractor. Control exists when an entity owns or directs more than fifty percent (50%) of the outstanding shares or securities representing the right to vote for the election of directors or other managing authority.

To the extent permissible by law, the Director of DGS, or designee, may waive the restrictions set forth by written notice to the Contractor if the Director determines their application would not be in the State's best interest. Except as prohibited by law, the restrictions will not apply:

- To follow-on advice given by Contractors of commercial off-the-shelf products, including software and hardware, on the operation, integration, repair or maintenance of such products after sale; or
- Where the State has entered into a master agreement for software or services and the scope of work at the time of Contract execution expressly calls for future recommendations among the Contractor's own products.

These restrictions are in addition to conflict of interest restrictions imposed on public Contractors by California law ("Conflict Laws"). In the event of any inconsistency, the Conflict of Interest Laws override the Contract provisions, even if enacted after execution of the Contract."

12.2 Failure to Perform

Contractor assumes all liability for performance of this contract and all subcontracts executed pursuant to or funded by this Contract, and hereby agrees to this Contract for Project Management Services as listed.

Further, the Contractor assumes full liability for and agrees to reimburse the State for Contractor's or any of Contractor's sub-Contractors' failure to comply with any term or condition of this Contract. Contractor shall assure that subcontracts are administered in accordance with this Contract, with any rules and regulations and with any amendments or changes thereto. Contractor agrees that DMH or its designated agent has full recourse against the Contractor for the failure to perform all or any part of this Contract.

Failure to meet on-site attendance requirements, and provide acceptable deliverables, milestones and status reports on time may subject Contractor to possible delay of payment and/or DMH pursuing remedies under this Contract in accordance with the General Provisions.

12.3 Acceptance of Deliverables and Milestones

All deliverables will be reviewed and approved by DMH. Deliverable due dates will reflect those approved in the Contractor's plan and schedule.

12.4 Standards and Policies

The Contractor shall adhere to DMH's minimum required IT standards, guidelines and policies. Contracted staff is expected to abide by the same standards and policies as State staff. The following regulations, standards, guidelines and policies serve as the minimum criteria for quality assurance management. These documents are:

- The IMSD Standards Manual

- Department of Finance TIRU/TOSU Project Oversight Framework and policies
- DMH HIPAA Project Plan
- DMH policies: Information Security, Internet, Drug-Free Workplace, Sexual Harassment